

Forecast Financial Statements

The Treasury

Statement of Forecast Comprehensive Income for the year ending 30 June 2010

	Note	2007/08	2008/09		2009/10
		Actual \$'000	In 2008 Budget \$'000	Estimated Actual \$'000	Budgeted \$'000
Income					
Crown		55,894	60,467	62,108	68,260
Department(s)		1,058	1,038	1,038	1,069
Other revenue	1	20	16	16	16
Gains		-	-	-	-
Interest		-	-	-	-
Total Income		56,972	61,521	63,162	69,345
Expenses					
Personnel		40,263	39,943	41,704	46,390
Operating	2	14,803	19,187	19,227	20,676
Depreciation and amortisation		1,333	1,870	1,710	1,803
Capital charge		569	521	521	476
Finance costs		-	-	-	-
Other		4	-	-	-
Total Expenses		56,972	61,521	63,162	69,345
Net Surplus / (Deficit)	5	-	-	-	-
Other comprehensive income		-	-	-	-
Total Comprehensive Income		-	-	-	-

Statement of Forecast Changes in Taxpayers' Funds for the year ending 30 June 2010

	Note	2007/08	2008/09		2009/10
		Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
Balance at 1 July					
General funds		7,840	7,240	7,240	6,948
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
Taxpayers' Funds Opening Balance		7,840	7,240	7,240	6,948
Changes in Taxpayers' Funds					
Comprehensive income for the period		-	-	-	-
Repayment of surplus		-	-	-	-
Capital contribution		-	-	308	(6)
Capital withdrawal		(600)	(600)	(600)	(600)
Other		-	-	-	-
Total Changes in Taxpayers' Funds		(600)	(600)	(292)	(606)
Balance at 30 June					
General funds		7,240	6,640	6,948	6,342
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
Taxpayers' Funds Closing Balance		7,240	6,640	6,948	6,342

Forecast Statement of Financial Position as at 30 June 2010

		2007/08	2008/09		2009/10
	Note	Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
Assets					
Current Assets					
Cash and cash equivalents		3,614	2,872	3,446	3,299
Debtors and other receivables		7,894	7,090	7,206	7,090
Prepayments		505	468	430	468
Inventories		-	-	-	-
Other current assets		-	-	-	-
Total Current Assets		12,013	10,430	11,082	10,857
Non-current Assets					
Property, plant and equipment	3	4,734	4,796	4,800	4,254
Intangible assets	4	571	868	799	743
Other non-current assets		-	-	-	-
Total Non-current Assets		5,305	5,664	5,599	4,997
Total Assets		17,318	16,094	16,681	15,854
Liabilities					
Current Liabilities					
Creditors and other payables		5,085	4,300	4,450	4,300
Repayment of surplus		-	-	-	-
Employee entitlements		4,768	4,764	5,053	4,822
Other current liabilities	2	-	-	-	-
Total Current Liabilities		9,855	9,064	9,503	9,122
Non-current Liabilities					
Provisions		-	-	-	-
Employee entitlements		223	390	230	390
Other non-current liabilities		-	-	-	-
Total Non-current Liabilities		223	390	230	390
Total Liabilities		10,078	9,454	9,733	9,512
Taxpayers' Funds					
General funds		7,240	6,640	6,948	6,342
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
Total Taxpayers' Funds		7,240	6,640	6,948	6,342
Total Liabilities and Taxpayers' Funds		17,318	16,094	16,681	15,854

Statement of Forecast Cash Flows for the year ending 30 June 2010

		2007/08	2008/09		2009/10
	Note	Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
Cash Flows from Operating Activities					
Receipts from:					
Crown		55,321	60,467	61,656	68,260
Department(s)		1,030	1,068	1,072	1,099
Other		20	16	14	16
Interest		-	-	-	-
Payments to:					
Suppliers		(16,526)	(21,985)	(20,781)	(22,741)
Employees		(37,929)	(36,945)	(39,330)	(44,448)
Capital charge		(569)	(521)	(521)	(476)
Goods and services tax (net)		41	(50)	43	(68)
Other operating activities		-	-	-	-
Net Cash from Operating Activities	5	1,388	2,050	2,153	1,642
Cash Flow from Investing Activities					
Receipts from:					
Sale of property, plant and equipment		1	-	-	-
Sale of intangible assets		-	-	-	-
Sale of other non-current assets		-	-	-	-
Purchase of:					
Property, plant and equipment		(862)	(983)	(1,450)	(801)
Intangible assets		(209)	(544)	(579)	(382)
Other non-current assets		-	-	-	-
Net Cash from Investing Activities		(1,070)	(1,527)	(2,029)	(1,183)
Cash Flow from Financing Activities					
Capital contribution		-	-	308	(6)
Other financing cash inflows		-	-	-	-
Repayment of surplus		-	-	-	-
Capital withdrawal		(600)	(600)	(600)	(600)
Other financing cash outflows		-	-	-	-
Net Cash from Financing Activities		(600)	(600)	(292)	(606)
Net Increase / (Decrease) in Cash		(282)	(77)	(168)	(147)
Cash at the beginning of the year		3,896	2,949	3,614	3,446
Cash at the end of the year		3,614	2,872	3,446	3,299

Statement of Significant Assumptions

These forecast financial statements have been compiled on the basis of existing government policies and Ministerial expectations at the time the statements were finalised.

The main assumptions are as follows:

- The department's activities will remain substantially the same as for the previous year except for new initiatives included as part of the budget process.
- Personnel costs are based on 379 full time equivalents.
- Operating costs are based on historic experience. The general historical pattern is expected to continue.
- Estimated year end information for 2008/09 is used as the opening position for the 2009/10 forecasts.

These assumptions are adopted as at 20 April 2009.

Factors that could lead to material differences between the forecast financial statements and the 2008/09 actual financial statements include changes to baseline budget through new initiatives, or technical adjustments.

Statement of Entity-Specific Accounting Policies

The Treasury has applied the accounting policies set out in Statement of Accounting Policies Standard included in this document, except as stated below.

Reporting Entity

These are the prospective financial statements of The Treasury, prepared in accordance with section 38 of the Public Finance Act 1989.

The Treasury is a Government Department as defined by section 2 of the Public Finance Act 1989. For the purposes of financial reporting The Treasury is a public benefit entity.

For the purposes of preparing the forecast financial statements presented in this report, the Treasury and the Crown Company Monitoring Advisory Unit (CCMAU) are treated as one entity.

Authorisation Statement

These forecast financial statements were authorised for issue by the Secretary to the Treasury on 20 April 2009. The Secretary to the Treasury is responsible for the forecast financial statements presented, including the appropriateness of the assumptions underlying the forecast financial statements and all other required disclosure.

Specific Accounting Policies

Financial Instruments

Financial assets and financial liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through profit and loss in which case the transaction costs are recognised in the Statement of Financial Performance.

Financial instruments primarily comprise cash and bank balances, accounts receivable and payables. All financial instruments are recognised in the Statement of Financial Position at cost. Revenues and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance.

Property, Plant and Equipment

Property, plant and equipment consists of leasehold improvements, computer hardware, furniture and fittings and office equipment.

Capitalisation thresholds applied are set out below:

- IT Equipment / Hardware \$5,000.
- All other property plant and equipment \$5,000.

Depreciation

The estimated useful lives of property, plant and equipment are set out below.

- Furniture and fittings 5-15 years.
- Leasehold improvements 10 years.
- Leasehold equipment 5 years.
- IT Equipment / Hardware 3-5 years.
- Office equipment 3-5 years.

Intangible Assets

Capitalisation thresholds applied are:

- Purchased software \$5,000.
- Internally developed software \$30,000.

The estimated useful lives of intangible assets are set out below:

- Purchased software 3 years.
- Internally developed software 3 years.

Statement of Cost Allocation Policies

The Department has derived the cost of outputs using a standard cost allocation system which is outlined below.

Direct costs

Direct costs are costs that can be identified with a single output and are assigned directly to that output.

Indirect costs

Indirect costs are costs that cannot be identified with an output in an economically feasible manner. They are incurred for the common benefit of more than one output. Indirect costs are allocated to outputs based on a predetermined standard cost rate. This is collected in the time recording system. Any over- or under-recovered indirect cost is then allocated to outputs based on direct labour cost.

Notes to the Financial Statements

Note 1 - Other Revenue

	2007/08	2008/09		2009/10
	Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
Rental income	32	-	-	-
State sector retirement superannuation scheme	1,026	1,038	1,029	1,060
Miscellaneous	20	16	16	16
Total	1,078	1,038	1,045	1,076

Note 2 - Operating Expenses

	2007/08	2008/09		2009/10
	Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
Operating expenses include:				
Consultants' fees	1,967	2,488	2,471	2,200
Process management fees	2,412	5,476	2,196	1,900
Overseas travel	748	858	981	998
Domestic travel	368	293	450	333
Lease of premises	2,973	3,971	3,467	3,458
Information costs	879	903	1,010	1,100
Data processing costs	875	674	651	700
Fees to KPMG for audit of the Department and NZDMO	280	320	284	269
Fees to the Auditor General for the audit of the Financial Statements of Government.	304	232	51	175
Other operating costs	3,997	3,972	7666	9,543
Total	14,803	19,187	19,227	20,676

Note 3 - Property, Plant and Equipment

	Land \$000	Buildings \$000	Leasehold improvements \$000	Furniture/office equipment \$000	Other \$000	Total \$000
Cost or Revaluation						
Balance as at 1 July 2009	-	-	5,134	1,788	5,483	12,405
Additions	-	-	-	74	725	799
Disposals	-	-	-	(200)	(350)	(550)
Balance as at 30 June 2010	-	-	5,134	1,662	5,858	12,654
Accumulated Depreciation and Impairment Losses						
Balance as at 1 July 2009	-	-	2,059	1,590	3,956	7,605
Depreciation expenses	-	-	423	147	775	1,345
Disposals	-	-	-	(200)	(350)	(550)
Balance as at 30 June 2010	-	-	2,482	1,537	4,381	8,400
Carrying amount as at 30 June 2010	-	-	2,652	125	1,477	4,254

Note 4 - Intangible Assets

	Acquired software \$000	Internally generated software \$000	Other \$000	Total \$000
Cost				
Balance as at 1 July	1,756	713	-	2,469
Additions by purchase	70	332	-	402
Additions internally developed	-	-	-	-
Disposals	(130)	-	-	(130)
Balance as at 30 June	1,696	1,045	-	2,741
Accumulated Amortisation and Impairment Losses				
Balance as at 1 July	1,289	381	-	1,670
Amortisation expense	160	298	-	458
Disposals	(130)	-	-	(130)
Impairment losses	-	-	-	-
Balance as at 30 June	1,319	679	-	1,998
Carrying amount as at 30 June	377	366	-	743

Note 5 - Reconciliation of Net Surplus to Net Cash Flows from Operating Activities for the year ending 30 June 2010

	2007/08	2008/09		2009/10
	Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
Net Surplus/(Deficit)	-	-	-	-
Add/(Less) Non-cash Items				
Depreciation and amortisation expense	1,333	1,870	1,710	1,803
Total non-cash items	1,333	1,870	1,710	1,803
Add/(Less) Items Classified as Investing or Financing Activities				
(Gains)/losses on disposal of property, plant and equipment	1	-	-	-
Total items classified as investing or financing activities	1	-	-	-
Add/(Less) Movements in Working Capital Items				
(Inc)/ Dec in debtors and other receivables	(1,862)	30	763	78
Inc/ (Dec) in creditors and other payables	1,994	150	(612)	(168)
Inc/ (Dec) in employee entitlements	(19)	-	285	(231)
Inc/(Dec) in other liabilities	-	-	-	-
Net movements in working capital items	113	180	436	(321)
Add/(Less) Movements in Non-current Liabilities				
Inc/ (Dec) in non-current employee entitlements	(59)	-	7	160
Net Cash From Operating Activities	1,388	2,050	2,153	1,642